

## Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-05 H-01 INR-10  
L-03 NSAE-00 NSC-05 PA-01 SP-02 SS-15 ICA-11  
AID-05 COME-00 EB-08 FRB-03 TRSE-00 XMB-02  
OPIC-03 LAB-04 SIL-01 OMB-01 AGR-01 /094 W  
-----046339 171446Z /43

R 171432Z APR 78  
FM AMEMBASSY LONDON  
TO SECSTATE WASHDC 5168  
INFO AMEMBASSY BONN  
AMEMBASSY BRUSSELS  
AMEMBASSY COPENHAGEN  
AMEMBASSY DUBLIN  
AMEMBASSY THE HAGUE  
AMEMBASSY LUXEMBOURG  
AMEMBASSY PARIS  
AMEMBASSY ROME  
AMCONSUL BELFAST  
AMCONSUL EDINBURGH

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DEPARTMENT PASS TO TREASURY

E.O. 11652: N/A  
TAGS: PINT, PGOV, EFIN, UK  
SUBJECT: VOTERS LIKE HEALEY'S BUDGET

REF: LONDON 5657

SUMMARY: AN OPINION POLL TAKEN SHORTLY AFTER ANNOUNCE-  
MENT OF THE APRIL 11 BUDGET INDICATES THAT IT FOUND  
FAVOR WITH THE BRITISH PUBLIC AND THAT THE LABOR PARTY  
HAS BENEFITTED FROM THIS POPULAR PERCEPTION. END  
SUMMARY.

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1. WHILE THE CITY AND FX MARKETS MAY NOT HAVE BEEN  
ENTHUSIASTIC ABOUT THE CHANCELLOR'S APRIL 11 BUDGET,  
A SPECIAL SUNDAY TIMES POLL CONDUCTED BY MARKET AND  
OPINION RESEARCH INTERNATIONAL (MORI) SHOWS THAT IT  
WAS VERY POPULAR WITH BRITISH VOTERS. ASKED WHETHER  
THE BUDGET WAS GOOD OR BAD FOR THEM AND FOR BRITAIN,

68 PERCENT OF RESPONDENTS CLASSIFIED IT AS GOOD FOR THEMSELVES AND 69 PERCENT THOUGHT IT GOOD FOR THE COUNTRY (THIS COMPARES TO 34 AND 48 PERCENT, RESPECTIVELY, IN RESPONSE TO THE SAME QUESTIONS LAST YEAR). CHANCELLOR HEALEY ALSO GOT HIGH MARKS FROM THE PUBLIC, WITH 67 PERCENT EXPRESSING SATISFACTION WITH HIS PERFORMANCE AS COMPARED TO 45 PERCENT IN 1977. THE MORI POLL ALSO SUGGESTS THAT THE BUDGET HAD A FAVORABLE IMPACT ON THE LABOR PARTY'S POPULAR STANDING: ASKED TO STATE THEIR VOTING INTENTION. 46 PERCENT FAVORED THE CONSERVATIVE PARTY. WHILE 44 PERCENT FAVORED LABOR, A STATISTICALLY INSIGNIFICANT DIFFERENCE ("DON'T KNOWS" EXCLUDED). THE LIBERAL PARTY RECEIVED THE NOD FROM SEVEN PERCENT OF THE PUBLIC AND ANOTHER THREE PERCENT VOICED A PREFERENCE FOR OTHER MINOR PARTIES. THE CURRENT LEVEL PEGGING OF THE MAJOR PARTIES CONTRASTS WITH A SEVEN PERCENT CONSERVATIVE LEAD IN THE MARCH GALLUP POLL (DATA FROM THE TWO POLLS ARE NOT STRICTLY COMPARABLE).

2. THE MORI POLL -- AN INTERLOCKING QUOTA SAMPLE OF 1251 ELECTORS TAKEN APRIL 12 AND 13 -- ALSO ASKED A NUMBER OF OTHER QUESTIONS REGARDING TAX STRUCTURE, PAY POLICY AND THE ECONOMIC OUTLOOK, THE RESPONSES TO WHICH MAY BE OF INTEREST. THE QUESTIONS AND RESPONSES ARE SHOWN BELOW:  
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-- THE GOVERNMENT SHOULD REDUCE INCOME TAX FURTHER AND MAKE UP THE DIFFERENCE WITH HIGHER VAT ON THE GOODS YOU BUY.  
AGREE - 49 PERCENT  
DISAGREE - 46 PERCENT  
-- HIGHER PAID PEOPLE PAY SO MUCH INCOME TAX THAT THERE

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L-03 NSAE-00 NSC-05 PA-01 SP-02 SS-15 ICA-11

AID-05 COME-00 EB-08 FRB-03 TRSE-00 XMB-02

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IS NO INCENTIVE FOR THEM TO WORK HARDER.

AGREE - 73 PERCENT

DISAGREE - 23 PERCENT

-- MANY LOWER PAID PEOPLE WOULD BE JUST AS WELL OFF IF  
THEY STOPPED WORKING AND LIVED ON STATE BENEFITS.

AGREE - 70 PERCENT

DISAGREE - 26 PERCENT

-- IS THE GOVERNMENT'S PRESENT PAY POLICY A GOOD THING  
OR A BAD THING FOR BRITAIN?

GOOD - 73 PERCENT

BAD - 17 PERCENT

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-- WHICH PAY POLICY WOULD BE BEST FOR YOU AND FOR  
BRITAIN?

SELF BRITAIN

FIXED PAY LIMIT 26 PERCENT 41 PERCENT

FLEXIBLE POLICY 41 PERCENT 39 PERCENT

FREE PAY NEGOTIATIONS 22 PERCENT 13 PERCENT

-- DO YOU THINK BRITAIN'S ECONOMIC CONDITIONS WILL  
IMPROVE, STAY ABOUT THE SAME OR GET WORSE OVER THE  
NEXT 12 MONTHS?

IMPROVE - 41 PERCENT

STAY THE SAME - 37 PERCENT

GET WORSE - 17 PERCENT

3. COMMENT: IT SEEMS EVIDENT THAT THE BUDGET HAD THE POPULAR IMPACT HEALEY AND CALLAGHAN HOPED FOR. NOT ONLY WAS IT WELL RECEIVED BY VOTERS, ITS FAVORABLE RECEPTION HAD AN IMMEDIATE AND POSITIVE IMPACT ON LABOR'S POPULAR STANDING. WHILE VOTERS PERCEIVED DISINCENTIVES AT BOTH ENDS OF THE CURRENT TAX STRUCTURE, OPINION ABOUT THE LIBERAL TAX REFORM PROPOSALS WAS ALMOST EVENLY DIVIDED. THE MESSAGE IS CLEAR: THERE ARE FEW VOTES IN THE LIBERALS' PROPOSALS.

EVEN MORE SIGNIFICANTLY, RESPONDENTS EVIDENCED STRONG CONTINUED SUPPORT FOR SOME FORM OF PAY POLICY AND WERE GENERALLY OPTIMISTIC ABOUT BRITAIN'S ECONOMIC FUTURE. THESE DATA, IN SUM, INDICATE THAT THE BUDGET HAD A BROADLY FAVORABLE IMPACT ON THE ELECTORATE, AND THAT IS A NOT INCONSIDERABLE ACHIEVEMENT IN A PUTATIVE ELECTION YEAR. BREWSTER

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## Message Attributes

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**Copy:** SINGLE  
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**Review Withdrawn Fields:** n/a  
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**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** VOTERS LIKE HEALEY'S BUDGET  
**TAGS:** PINT, PGOV, EFIN, UK  
**To:** STATE  
**Type:** TE  
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